

REVIEW OF RESALE AND RECAPTURE PROVISIONS

RECAPTURE

Long-term affordability ensured through Recapture mechanism only, no Resale requirement

Includes enforceable principal residency requirement

Amount of funds subject to recapture is properly defined (92.252(a)(5)(ii)(A)(5))

The period of affordability is based upon the total amount of funds subject to recapture

Clearly specifies definition of net proceeds - sales price minus loan repayment (senior debt other than NSP/HOME funds) and closing costs.

Recapture amount capped by net proceeds

Describes process when net proceeds insufficient to meet recapture requirement

Follows one of the specified recapture models (92.254(a)(ii)(A)(1) – (4)) or alternate approved by HUD

Remains in effect even if mortgage(s) paid off

[Optional] Affordability preserved in foreclosure through purchase option, right of first refusal

RESALE

Long-term affordability ensured through Resale mechanism only, no Recapture requirement

Includes enforceable principal residency requirement

Total amount of NSP funds invested in the housing unit clearly established

The period of affordability is based upon the total amount of funds invested

Clearly defines:

Sales price limitation

Eligible buyers (same income category as original owner)

Fair return to original owner

Remains in effect even if mortgage(s) paid off

[Optional] Affordability preserved in foreclosure through purchase option, right of first refusal